

**Commonwealth Edison Company
Response to ICC Staff Data Request Dated May 21, 2002**

Request GEG-2.01:

In response to Staff Data Request GEG-1.01, the Company indicated that certain entries would be reflected on Commonwealth Edison Company's Books. These entries included a \$2 million receivable from the 30% owner of Southeast Chicago Energy Project LLC for direct interconnection costs to interconnect the facility to ComEd's transmission system. Since Exelon Generation Company, LLC, owns the remaining 70% of the Southeast Chicago Energy Project LLC, will there be a payment due from Exelon Generation for \$4.67 million for interconnection costs to interconnect the facility to ComEd's transmission system? If not why not? If so, indicate the journal entries.

Response:

No, there will not be a payment due from Exelon Generation ("Genco") for interconnection costs to interconnect the facility to ComEd's transmission system. The \$2 million entry referenced above reflects the total project interconnection cost paid by Peoples Energy to ComEd pursuant to Section 7.1 of the IA. Under the terms of the Development and Construction Agreement entered into between Genco and Peoples Energy, Genco's 70% interest in Southeast will be derived through Genco's contribution of cash and property directly or indirectly to Southeast Chicago Energy Project LLC. Peoples Calumet LLC's 30% equity interest will be derived through a credit for the amount of money paid under the IA for the interconnection plus a contribution of property and cash.

Response prepared by: Kevin J. Waden – Financial Reporting Manager (630) 437-2337

OFFICIAL FILE

I.C.C. DOCKET NO. 02-0264ComEd Exhibit No. 1.4

Witness _____

Date 6-18-02 Reporter J. R. Miller

Request GEG 2.02:

Since it is ComEd's opinion that this transaction is governed by its affiliated interest agreements, (See response to GEG-1.02) what specific sections of the agreement govern it? Please provide a current copy of the executed agreement.

Response:

In ComEd's opinion, Sections 1.2, 2.2(d) and 5.1(b)(i) of ComEd's Affiliated Interest Agreement, to the extent applicable, govern the transactions between ComEd and Southeast Chicago Energy Project LLC. A copy of the executed AIA has been provided as an Attachment to this response.

Response prepared by: Kevin J. Waden – Financial Reporting Manager (630) 437-2337

AFFILIATED INTERESTS AGREEMENT

Dated as of December 4, 1995

Among

Unicom Corporation

Commonwealth Edison Company

and

Each of the Entities Identified on Exhibit A Hereto

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AFFILIATED INTERESTS AGREEMENT

THIS AFFILIATED INTERESTS AGREEMENT (this "Agreement") is made and entered into as of the 4th day of December, 1995, among Unicom Corporation, an Illinois corporation ("Unicom"), Commonwealth Edison Company, an Illinois corporation ("ComEd"), and each of the entities identified on Exhibit A hereto, as such Exhibit A may be amended from time to time in accordance with the provisions of this Agreement.

WITNESSETH:

WHEREAS, the parties are related by virtue of common ownership, directly or indirectly, of their equity securities by Unicom; and

WHEREAS, the parties believe that the central management of certain services, the provision to each other of certain services and facilities, and the transfer of certain property are or may be efficient and cost-effective, and the parties desire to make provision for these and other transactions as between ComEd and a Unicom Entity or Entities;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the parties hereby agree as follows:

ARTICLE I

Definitions and Interpretation

Section 1.1. *Definitions.* As used in this Agreement, the following terms shall have the respective meanings set forth below unless the context otherwise requires:

"*Acquiring Party*" means a Party who desires to acquire real property, interests in real property, tangible personal property or Intangible Assets from a Selling Party.

"*ICC*" means the Illinois Commerce Commission.

"*Intangible Assets*" mean, for the purposes of this Agreement, items for which costs have been incurred to create future economic benefits that have not been recorded as assets on the Selling Party's financial statements. Intangible Assets include, but are not limited to, operational activities or intellectual property derived from internal research and development efforts.

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"Investment Guidelines" means the investment guidelines attached hereto as Exhibit B, as such Exhibit may be amended from time to time with the approval of the ICC.

"Party" means each, and "Parties" means all, of the entities who are from time to time a party to this Agreement.

"Provider" means a Party who has been requested to, and who is able and willing to, furnish facilities, provide services or both to a Requestor under the terms of this Agreement.

"Requestor" means a Party who desires to use facilities, receive services or both, and has requested another Party to furnish such facilities, provide such services or both.

"Selling Party" means a Party who is willing to sell and transfer real property, interests in real property, tangible personal property or Intangible Assets to an Acquiring Party.

"Tax Sharing Agreement" means the Unicom Group Income Tax Allocation Agreement attached to this Agreement as Exhibit C, as such Exhibit may be amended from time to time with the approval of the ICC.

"Unicom Entity" means any of Unicom and the entities identified on Exhibit A.

Section 1.2. *Purpose and Intent; Interpretation.* (a) The purposes and intent of this Agreement are to set forth procedures and policies to govern (i) transactions between a Unicom Entity and ComEd, whether such transactions occur directly or indirectly as the end result of a series of related transactions and (ii) the allocation of certain joint service costs. It is not intended to govern transactions between Unicom Entities, although such entities may elect to apply the provisions of this Agreement to specific transactions, or to govern transactions between ComEd and its subsidiaries. This Agreement shall be interpreted in accordance with such purposes and intent.

(b) The headings of Articles and Sections contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References to Articles, Sections and Exhibits refer to articles, sections and exhibits of this Agreement unless otherwise stated. Words such as "herein", "hereinafter", "hereof", "hereto", "hereby" and "hereunder", and words of like import, unless the context requires otherwise, refer to this Agreement (including the Exhibits hereto).

ARTICLE II

Use of Facilities and Services

Section 2.1. *Facilities.* Upon the terms and subject to the conditions of this Agreement, a Requestor may request a Provider or Providers to make available or provide, and, subject to the provisos at the end of this Section, such Provider or Providers shall make available or provide to such Requestor, the use of:

(a) facilities, including, without limitation, office space, warehouse and storage space, transportation facilities (including, without limitation, dock and port facilities, rail sidings and truck facilities), repair facilities, manufacturing and production facilities, fixtures and office furniture and equipment;

(b) computer equipment (both stand-alone and mainframe) and networks, peripheral devices, storage media, and software;

(c) communications equipment, including, without limitation, audio and video equipment, radio equipment, telecommunications equipment and networks, and transmission and switching capability;

(d) vehicles, including, without limitation, automobiles, trucks, vans, trailers, railcars, marine vessels, transport equipment, material handling equipment and construction equipment; and

(e) machinery, equipment, tools, parts and supplies;

provided, however, that a Provider shall have no obligation to provide any of the foregoing to the extent that such item or items are not available (either because such Provider does not possess the item or the item is otherwise being used); and provided further, it is understood that a Provider has sole discretion in scheduling the use by a Requestor of facilities, equipment or capabilities so as to avoid interference with such Provider's operations.

Section 2.2. *Services.* Upon the terms and subject to the conditions of this Agreement, a Requestor may request a Provider or Providers to provide, and, subject to the provisos at the end of this Section, such Provider or Providers shall provide to such Requestor:

(a) Administrative and management services, including, without limitation, accounting (including, without limitation, bookkeeping, billing, accounts receivable administration and accounts payable administration, and financial reporting); audit; executive; finance; insurance; information systems services; investment advisory

services; legal; library; record keeping; secretarial and other general office support; real estate management; security holder services; tax; treasury; and other administrative and management services;

(b) personnel services, including, without limitation, recruiting; training and evaluation services; payroll processing; employee benefits administration and processing; labor negotiations and management; and related services;

(c) purchasing services, including, without limitation, preparation and analysis of product specifications, requests for proposals and similar solicitations; vendor and vendor-product evaluations; purchase order processing; receipt, handling, warehousing and disbursement of purchased items; contract negotiation and administration; inventory management and disbursement; and similar services; and

(d) operational services, including, without limitation, drafting and technical specification development and evaluation; consulting; engineering; environmental; nuclear; construction; design; resource planning; economic and strategic analysis; research; testing; training; customer solicitation, support and other marketing related services; public and governmental relations; and other operational services;

provided, however, that a Provider shall have no obligation to provide any of the foregoing to the extent that it is not capable of providing such service (either because such Provider does not have personnel capable of providing the requested service or the service is otherwise being used); and *provided further*, it is understood that a Provider has sole discretion in scheduling the use by a Requestor of services so as to avoid interference with such Provider's operations.

Section 2.3. Joint Purchasing. A Party may also request that another Party or Parties enter into arrangements to effect the joint purchase of goods or services from third parties; *provided, however*, that if ComEd is so requested to enter into or to participate in such arrangements, it shall do so only if its fully distributed cost for such goods or services is not thereby increased; and *provided further*, that no Party shall be required to purchase a service which it is otherwise capable of providing or obtaining. In the event that any such arrangements are established, one Party may be designated as, or serve as, agent for the other Parties to the arrangement and may administer the arrangement (including billing and collecting amounts due the vendor(s)) for the other Parties.

Section 2.4. Cash Management. The Parties may enter into one or more arrangements providing for the central collection, management, investment and disbursement of cash by a Party. If such an arrangement is established, then:

(a) the Parties participating in such arrangement shall establish appropriate intercompany accounts to track the amount of cash transferred and/or received by each Party to such arrangement and the pro rata portion of the earnings received by each such Party from the investment of cash;

(b) the Party responsible under the arrangement for the management and investment of such cash shall establish a separate account or accounts for such purpose, which account(s) and the records associated therewith shall clearly indicate that other Parties have an interest in said account(s) and the proceeds thereof and shall not be subject to set-off by the bank or other institution holding the same except to the limited extent of expenses arising from the management, handling and investment of the account(s); and

(c) if and to the extent that an account contains cash received from ComEd, such account may be invested, and reinvested, in the investments described in the Investment Guidelines, subject, however, to the need to maintain suitable liquidity in such account in order to meet the cash needs of the Parties participating in the arrangement; it being understood that the Investment Guidelines shall not be the exclusive means by which cash of Parties other than ComEd may be invested.

Section 2.5. Tax Sharing. Each Party who is eligible to be included in a consolidated tax return filing by Unicom shall, by virtue of this Section 2.5, be deemed a party to, and shall observe and comply with the provisions of, the Tax Sharing Agreement.

Section 2.6. Agreements, Etc. A Provider and Requestor may evidence their agreement with respect to the availability, provision or use of the facilities, services and activities described in this Article II by entering into an agreement, lease, license or other written memorandum or evidence; *provided* such agreement, lease, license or other written memorandum or evidence shall not contain terms inconsistent with this Agreement; and *further provided* that this Section 2.6 shall not be deemed to require any such agreement, lease, license or other written memorandum or evidence.

ARTICLE III
Asset Sales

Section 3.1 was not approved by the Hearing Examiner; expect ICC to approve \$300,000 limit.

Section 3.1. Real Property Transfers. Upon the terms and subject to the conditions of this Agreement, an Acquiring Party may purchase from a Selling Party, and the Selling Party may sell to the Acquiring Party, real property or interests in real property; *provided, however*, that the value of the real property or interests in the real property proposed to be transferred (as such value is determined in accordance with Section 5.1(a)) shall not exceed \$1,000,000 without approval of the specific agreement by the ICC.

Section 3.2. Tangible Personal Property. Upon the terms and subject to the conditions of this Agreement, an Acquiring Party may purchase from a Selling Party, and the Selling Party may sell to the Acquiring Party, tangible personal property; *provided, however*, that the value of the tangible personal property proposed to be transferred (as such value is determined in accordance with Section 5.1(a)) shall not exceed \$300,000 without approval of the specific agreement by the ICC (it being understood that the foregoing limitation shall not apply to the transfer of tangible personal property by ComEd which is not necessary or useful to ComEd in the performance of its duties to the public); and *provided further*, that this Section 3.2 shall not apply to joint purchasing arrangements (and the transactions thereunder) entered into pursuant to Section 2.3 of this Agreement.

Section 3.3. Intangible Assets. Subject to approval by the ICC of the specific agreement, an Acquiring Party may enter into an agreement with a Selling Party to purchase, and the Acquiring Party may purchase from the Selling Party and the Selling Party may sell to the Acquiring Party pursuant to such agreement, Intangible Assets. Any such Intangible Assets shall be valued in accordance with Section 5.1(c).

Section 3.4. Unicom Stock. Upon the terms and subject to the conditions of this Agreement, Unicom may issue and sell to ComEd shares of Unicom's Common Stock for the sole purpose of enabling ComEd to meet its obligations to its directors and employees in respect of compensation (it being understood that ComEd would cause any shares so purchased and received to be reissued to such directors or employees in payment of such compensation obligations).

Section 3.5. Agreements, Etc. An Acquiring Party and a Selling Party may

evidence their agreement with respect to the sale of real property and/or tangible personal property described in Sections 3.1 or 3.2 by entering into an agreement or other written memorandum or evidence; *provided* such agreement or other written memorandum or evidence shall not contain terms inconsistent with this Agreement; and *further provided* that this Section 3.5 shall not be deemed to require any such agreement or other written memorandum or evidence.

ARTICLE IV Charges: Payment

Section 4.1. *Charges.* (a) Charges for the use of facilities, equipment, capabilities or services under Sections 2.1 and 2.2 shall be determined in accordance with Section 5.1(b); charges for assets sold and transferred under Sections 3.1, 3.2 and 3.4 shall be determined in accordance with the provisions of Section 5.1(a); and charges for assets sold and transferred under Section 3.3 shall be determined in accordance with the provisions of Section 5.1(c). By requesting the use of facilities, equipment, capabilities and/or services, a Requestor shall be deemed to have agreed to pay, and shall pay, to the Provider or Providers the charge determined therefor in accordance with Section 5.1(b). By acquiring real property, interests therein, tangible personal property or Intangible Assets in accordance with the provisions of Article III, an Acquiring Party shall be deemed to have agreed to pay, and shall pay, to the Selling Party the charge determined therefor in accordance with Section 5.1(a) or, in the case of Intangible Assets, Section 5.1(c).

(b) Charges related to arrangements under Section 2.3 for the joint purchase of goods or services shall be determined in accordance with Section 5.1(a), in the case of asset transfers, and Section 5.1(b), in the case of services and overhead, administrative and other costs.

(c) Charges of third parties related to the establishment and operation of any account or accounts established under Section 2.4 and the investment of the proceeds, and the earnings resulting from the investment thereof, shall be allocated to the Parties participating therein based upon the daily balance of cash maintained by each Party in such account or accounts. Charges related to the administration of the account by a Party's personnel shall be determined in accordance with Section 5.1(b).

Section 4.2. *Accounting.* Each Party shall maintain adequate books and records with respect to the transactions subject to this Agreement and shall establish unique function numbers in its general ledger system which shall be used to record the costs to be apportioned to the other Parties. Each Party shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by

this Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement.

Section 4.3. Invoicing, Payments. Invoicing and payment for the facilities and services specified in Article II, the asset sales specified in Article III or the joint services costs specified in Section 5.3(a) shall be as follows:

- (a) for the use of facilities, equipment or capabilities specified in Section 2.1 or the provision of services specified in Section 2.2, a Provider shall invoice the Requestor on a monthly basis for the charges therefor as provided in Section 4.1(a), and such invoices shall be payable within thirty days of receipt;
- (b) for joint purchasing arrangements specified in Section 2.3, a Party participating in any such arrangement shall be invoiced for charges as provided in Section 4.1(b), which invoices will be payable according to the terms set by the vendor(s) providing the purchased goods or services, or if a Party has been selected to administer such arrangement, pursuant to invoices rendered by such Party or the vendor of the goods or services, which invoices will be payable no later than thirty days after receipt;
- (c) for cash management activities under Section 2.4, (i) the Party responsible for administering the activities shall invoice the other participating Parties for the charges therefor as provided in Section 4.1(c), which invoices shall be payable within thirty days of receipt, or (ii) the charges for such activities may be offset against the cash amounts held thereunder, provided a written statement of such charges and the amount of the offset is provided to the participating Parties monthly;
- (d) for the tax sharing arrangement specified in Section 2.5, charges and payments shall be made as provided in the Tax Sharing Agreement;
- (e) for the sale of real property or interests in real property specified in Section 3.1, the Acquiring Party shall pay the charges therefor as provided in Section 4.1(a) to the Selling Party upon the closing of the sale and transfer of such real property or interests therein;
- (f) for the sale of tangible personal property specified in Section 3.2, the Selling Party shall invoice the Acquiring Party for the charges therefor as provided in Section 4.1(a), and such invoices shall be payable within thirty days of receipt;
- (g) for the transfer of Unicom Common Stock specified in Section 3.4, ComEd shall pay the charges therefor as provided in Section 4.1(a) and such

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payment shall be made to Unicom concurrently with the issuance and delivery of the shares of such stock; and

(h) for joint service costs under Section 5.3(a), Unicom shall invoice the other Parties for such costs as provided in Section 5.3(c), and such invoices shall be payable within thirty days of receipt.

Late payments shall bear interest at a rate per annum equal to the rate of interest announced from time to time by The First National Bank of Chicago as its "corporate base rate," and such interest shall be based on the period of time that the payment is late.

ARTICLE V

Cost Apportionment Methodology

Section 5.1. General Principles. The following general principles shall be used in setting charges for transactions between ComEd and Unicom Entities:

(a) *Sales of Assets.* Asset sales between ComEd and a Unicom Entity shall be charged by the Selling Party to the Acquiring Party at: (1) the fair market value of the transferred asset, as evidenced by (1) the prevailing price for which the same or similar assets are offered for sale to the general public by the Selling Party (e.g., for ComEd, the tariffed charge or other pricing mechanism approved by the ICC) or, if no such prevailing price exists, (2) the price at which nonaffiliated vendors offer the same or similar assets for sale by reference to quoted market prices, independent appraisals or other objectively determinable evidence or, if no such fair market value is objectively or practicably determinable, (ii) the historical cost of the asset to the Selling Party, less all applicable valuation reserves.

(b) *Use of Facilities or Services.*

(i) Facilities or services provided by ComEd to a Unicom Entity shall be charged by the Provider to the Requestor at: (1) the prevailing price for which the facility or service is provided for sale to the general public by the Provider (i.e., the tariffed rate or other pricing mechanism approved by the ICC) or, if no such prevailing price exists, (2) the fully distributed cost (determined as provided in Section 5.2) incurred by the Provider in providing such facility or service to the Requestor.

(ii) Facilities or services provided by a Unicom Entity to ComEd shall be charged by the Provider to the Requestor at: (1) the prevailing price for which the facility or service is provided for sale to the general

public by the Provider (i.e., the price charged to nonaffiliates if such transactions with nonaffiliates constitute a substantial portion of such Unicom Entity's total revenues from such transactions) or, if no such prevailing price exists, (2) an amount not to exceed the fully distributed cost (determined as provided in Section 5.2) incurred in providing such facility or service.

(c) *Sales of Intangible Assets.* Intangible Asset sales between ComEd and a Unicom Entity shall be charged by the Selling Party to the Acquiring Party (i) under a mechanism to reflect the fair market value of the asset as determined by an appraisal or other fair market value study or, if no such fair market value is objectively or practicably determinable, (ii) at the fully distributed cost incurred to purchase or develop the asset, adjusted to reflect imputed depreciation of, if applicable, and carrying costs on the unrecorded asset.

Costs shall be charged to a Party in accordance with these general principles using either a direct charge or an allocation methodology. Costs of assets or services specifically attributable to a Party should be charged directly to such Party. Joint and common costs not specifically attributable to a Party should be charged to the appropriate Parties based on specific allocation methodologies. The Parties intend to develop and implement a set of guidelines to address applications of the foregoing general principles.

Section 5.2. Fully Distributed Costs. Costs charged on a fully distributed cost basis shall reflect the amounts of direct labor, direct materials and direct purchased services associated with the related asset or service as provided in subsections (a) and (b). These amounts shall be increased by a portion of indirect costs to reflect labor, administrative and general and other overhead amounts as provided in subsection (c).

(a) *Direct Costs.* Costs incurred that are specifically attributable to a Party shall be directly charged to the appropriate function.

(i) *Direct Labor.* Amounts of direct labor charged to a Party shall be based on an employee's actual direct labor rate, reflecting the effects of overtime and nonproductive time.

For most employees, direct labor shall be charged to a Party under a positive time reporting methodology under which an employee shall report each pay period the number of hours incurred in performing activities for such Party. Based on the time reported each pay period, the regular, predetermined account distribution for the employee shall be adjusted to reflect the distribution of direct labor charges to the appropriate affiliate function.

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Some departments or organizations are expected to provide a recurring, predictable level of services to a Party or Parties. For these departments or organizations, annual reviews shall be performed to determine a normal distribution of time to such Party or Parties. The distribution percentages derived from such reviews shall then be used to allocate time with respect to each pay period. For these departments or organizations, direct labor shall be charged to a Party or Parties under an exception time reporting methodology. That is, significant deviations of actual activity from these predetermined percentages shall be reported and shall result in adjustments to the predetermined distribution of direct labor charges to the affiliate functions.

Officers of each Party shall also utilize an exception time reporting methodology. Distribution percentages derived from an annual review for each Officer shall be used to allocate time with respect to each pay period. Significant deviations of actual activity from the predetermined percentages shall be reported and shall result in adjustments to the predetermined distribution of direct labor charges to the affiliate functions.

Overtime shall be reflected in the direct labor rates charged to a Party. For bargaining unit employees, direct labor shall be charged based on the base and overtime pay amounts actually incurred under a Party's collective bargaining agreements. Likewise, for management employees who are compensated for overtime, direct labor shall be charged based on the actual pay amounts incurred for such employees, including overtime. For management employees not compensated for overtime, direct labor charged to affiliates shall be adjusted, on a departmental or organizational basis, to reflect estimated overtime incurred based on an overtime review performed annually.

All direct labor charges shall be increased by a factor to reflect nonproductive time. The nonproductive time factor shall be developed annually based on a review of actual nonproductive time incurred for the previous year. The nonproductive time factor reflects time incurred for training, vacations, holidays, disability, jury duty and other paid absences.

(ii) *Direct Materials and Purchased Services.* Amounts incurred for materials or purchased services directly attributable to a Party shall be charged directly to the appropriate function for that Party using standard voucher account distribution procedures.

(iii) *Costs of Facilities, Equipment, Machinery, Furniture, and Fixtures.* The costs allocated to any Party for the use of a Party's facilities, equipment, machinery, furniture or fixtures shall include an amount to reflect the cost of such assets (e.g., depreciation, operations, maintenance, etc.) and, for owned assets or assets leased under capital leases, a return equal to the rate of return on rate base most recently allowed to ComEd by the ICC.

(b) *Allocated Costs.* Costs incurred that are not specifically attributable to a Party but that have joint benefit to two or more Parties shall be charged to the appropriate functions based on specified allocation methodologies. The allocation methodologies used shall be reasonably based on cost causative measures to ensure an equitable allocation among such Parties.

(c) *Indirect Costs.* The direct and allocated costs apportioned to a Party or Parties shall be increased to reflect indirect labor, administrative and general and other overhead amounts. These indirect costs are not specifically identifiable or attributable to the direct costs incurred on behalf of a Party.

(i) *Labor Loading.* All direct labor charges apportioned to a Party (either apportioned directly or using an allocation methodology) shall be increased by a loading factor to reflect indirect labor-driven costs. For each Party, this loading factor shall be determined annually based on actual indirect labor-driven charges incurred during the prior year as a percentage of total direct labor charges incurred in that year. The labor loading rate pool shall include payroll taxes; medical, dental and vision insurance costs; pension and other postretirement health care benefits costs; incentive compensation plan costs; employee savings plans' costs; and other labor-driven costs such as payroll department, employee benefits department, mailroom, office facilities and non-customer related postage costs.

(ii) *Information Systems Loading.* All direct labor costs apportioned to a Party shall be increased by a loading factor to reflect information systems related costs associated with mainframe and local area network usage and operations, hardware and software costs and telecommunications services. For each Party, this loading factor shall be based on the actual costs incurred during the prior year as a percentage of the corresponding actual total direct labor charges incurred in that year.

(iii) *Common Costs Loading.* All direct labor, direct materials, direct purchased services and indirect labor costs (including the information systems loading amounts) apportioned to a Party shall be increased by a

loading factor to reflect administrative and general and other overhead amounts, including the overhead costs of each Party's information systems function. For each Party, this loading factor shall be determined annually based on actual administrative and general and other overhead charges incurred during the prior year as a percentage of actual total operations and maintenance expense incurred in that year. The common costs loading rate pool shall include costs for departments that support other departments that provide services directly to a Party. In addition to the general and administrative costs of the information systems function, representative costs in the common costs pool shall include printing and duplicating services, forms and office supplies, communications services, library services and other similar costs.

Section 5.3. Costs Charged to/from Unicom. Unicom shall maintain unique function numbers in its general ledger system: Consolidated Pool functions (as described in Section 5.3(a)) and Unallocated Pool functions (as described in Section 5.3(b)). All costs incurred by Unicom and not directly charged to another Party and all costs apportioned and billed to Unicom by other Parties shall be charged to one of these two types of functions.

(a) Consolidated Pool. The Consolidated Pool shall be charged with costs related to activities that jointly benefit all of the Parties. Each month, the costs accumulated in the Consolidated Pool shall be apportioned and billed to the Parties (other than Unicom) using a three factor formula methodology. A representative listing of the types of services for which costs shall be charged to the Consolidated Pool is as follows:

Corporate Services

Graphics

Library

Mail

Office and Building

Word Processing

Financial and Accounting Services

Information Systems

Investor Relations

Legal

Procurement

Regulatory

Risk Management

Secretary's Office

Shareholder Services

(b) *Unallocated Pool.* The Unallocated Pool shall be charged with costs that have been determined as not appropriate for apportionment by Unicom to the other Parties. These costs primarily relate to Unicom's diversification, political and philanthropic activities. A representative listing of the types of services for which costs shall be charged to the Unallocated Pool is as follows:

- Advertising
- Corporate Relations
- Philanthropy
- Political Advocacy
- Public Relations
- Diversification Efforts (i.e., new business development)
- Marketing
- Research and Development
- Strategic Analysis

(c) *Three Factor Formula Methodology.* Monthly, costs charged to the Consolidated Pool shall be apportioned and billed by Unicom to the other Parties based on a three factor formula methodology. Under this approach, each such Party is allocated and billed for a portion of the total costs in the Consolidated Pool based on an average of such Party's gross payroll, operating revenues and capital asset amounts relative to the corresponding averages for the other Parties. To adjust for seasonality in operations, the gross payroll and operating revenues amounts used in this allocation shall be for the most recent twelve-month period for which such figures are available. The capital asset amount shall reflect the average capital assets for the month being allocated. Capital assets shall include the net book value of property, plant and equipment and nuclear fuel, coal and material and supplies inventories, as applicable.

ARTICLE VI Limitations of Liability

Section 6.1. *No Warranties For Facilities or Services.* Each Party acknowledges and agrees that any facilities, equipment or capabilities made available, and any services provided, by a Provider to a Requester hereunder, are so made available or provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY'S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND

FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

Section 6.2. *Limited Warranties For Asset Sales.* (a) Except as provided in Section 6.2(b), each Party acknowledges and agrees that any real property, interests in real property, tangible personal property or Intangible Assets sold and transferred in accordance with Article III is so sold and transferred **WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A SELLING PARTY'S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.**

(b) In connection with a sale and transfer of real property, interests in real property, tangible personal property or Intangible Assets pursuant to Article III, the Selling Party shall be deemed to have represented and warranted to the Acquiring Party that: (i) title conveyed is good, (ii) conveyance of such title is authorized and rightful, and (iii) the title so conveyed is free and clear of all liens, claims, encumbrances or security interests of persons or entities claiming by or through the Selling Party, except, in the case of this clause (iii), as the Acquiring Party and the Selling Party may otherwise agree.

Section 6.3. *No Partnership.* The Parties acknowledge and agree that this Agreement does not create a partnership between, or a joint venture of, a Party and any other Party. Each Party is an independent contractor and nothing contained in this Agreement shall be construed to constitute any Party as the agent of any other Party except as expressly set forth in Sections 2.3 and 2.4.

Section 6.4. *No Third Party Beneficiaries.* This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended, and shall not be deemed or construed, to create any rights in, or responsibilities or obligations to, third parties.

ARTICLE VII

Term

Section 7.1. *Term.* This Agreement will be effective on the date it is approved by the ICC and shall continue, unless terminated as provided in Section 7.2 or renewed as hereinafter provided, until the tenth anniversary of such date (the "Initial Term"). Unless written notice that this Agreement shall terminate on the last day of the Initial Term or any then current renewal term is provided by a Party at least 30 days prior to the expiration of the Initial Term or such renewal term, this Agreement shall

continue for successive renewal terms of five years as to such Party and any other Parties not providing any such termination notice.

Section 7.2. Termination. Any Party may terminate this Agreement as to it by providing at least 30 days prior written notice to the other Parties of the effective date of such termination. In addition, this Agreement shall terminate as to a Party upon the date that Unicom determines that such Party shall no longer be a party to this Agreement and shall automatically terminate as to a Party upon the date that Unicom ceases, directly or indirectly, to own equity securities in such Party. Any such termination shall not affect the terminating Party's accrued rights and obligations under this Agreement arising prior to the effective date of termination or its obligations under Section 9.4.

Section 7.3. Tax Sharing Agreement. Notwithstanding anything to the contrary in Sections 7.1 or 7.2, a Party shall continue to be bound by the provisions of the Tax Sharing Agreement until the earlier of (i) the termination of the Tax Sharing Agreement, as provided in PART C.III.D ("Amendment and Termination") of the Tax Sharing Agreement or (ii) the time at which such Party is not permitted, under applicable law, to be a "Member" or an "Included Member," as those terms are defined in the Tax Sharing Agreement.

ARTICLE VIII

Confidential Information

Each Party shall treat in confidence all information which it shall have obtained regarding the other Parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the Parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a source other than the Party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

ARTICLE IX
Miscellaneous

Section 9.2 was replaced by the
attached Stipulation between
ComEd and Staff.

Section 9.1. *Entire Agreement; Amendments.* Upon its effectiveness as provided in Section 7.1, this Agreement shall constitute the sole and entire agreement among the Parties with respect to the subject matter hereof and shall supersede all previous agreements, proposals, oral or written, negotiations, representations, commitments and all other communications between some or all of the Parties. Except as provided in Section 9.2 with respect to new Parties and except that Unicom may amend Exhibit A to this Agreement to delete any terminated Party, this Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the Parties hereto.

Section 9.2. *New Parties.* Any other entity which is or may become an affiliate of Unicom or any of the other Parties to this Agreement may become a party to this Agreement by executing an agreement adopting all of the terms and conditions of this Agreement. Such agreement must be signed by Unicom in order to become effective, but need not be signed by any other Party to this Agreement. Upon such execution by Unicom, such entity shall be deemed to be a Party and shall be included within the definition of "Party" for all purposes hereof, and Exhibit A shall be amended to add such entity. Before such execution by Unicom, ComEd shall provide the staff of the ICC with thirty days' notice that another Party will be added to this Agreement.

Section 9.3. *Assignment.* This Agreement may not be assigned by any Party without the prior written consent of Unicom.

Section 9.4. *Access to Records.* During the term of this Agreement and for a period of seven years after the expiration or termination of this Agreement as to a Party, such Party shall have reasonable access to and the right to examine any and all books, documents, papers and records which pertain to services and facilities provided by the other Parties under this Agreement to such Party, and such Party shall provide access to, and the opportunity to examine, all such records which pertain to services and facilities provided to the other Parties under this Agreement by such Party. Each Party shall maintain all such records for a period of seven years after expiration or termination of this Agreement as to such Party. In addition, during the term of this Agreement and for a period of seven years after the expiration or termination of this Agreement as to a Unicom Entity, the ICC shall have access to the books and records of such Unicom Entity as they relate to transactions between such Unicom Entity and ComEd to the extent allowed under Section 7-101 of the Illinois Public Utilities Act and subject to Section 5-108 of the Illinois Public Utilities Act.

Section 9.5. *Partial Invalidity.* Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable. In the event that it is determined that the charges for a particular transaction covered by this Agreement were not determined properly for any reason, such determination and/or finding shall not affect the validity of such transaction; *provided, however,* that if the transaction involved ComEd and a Unicom Entity, Unicom (or, if Unicom so determines, such Unicom Entity) shall pay to or reimburse ComEd, or ComEd shall pay to or reimburse such Unicom Entity, as the case may be, for the difference between the amount that was charged in connection with the transaction and the charge that is determined to be proper under the provisions of Article V.

Section 9.6. *Waiver.* Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way to affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

Section 9.7. *Governing Law.* This Agreement shall be governed by, construed and interpreted pursuant to, the laws of the State of Illinois.

IN WITNESS WHEREOF, the Parties have each caused this Agreement to be executed by a duly authorized representative as of the day and year first above written.

UNICOM CORPORATION

By: David A. Scholz
Name: David A. Scholz
Title: Secretary

COMMONWEALTH EDISON COMPANY

By: David A. Scholz
Name: David A. Scholz
Title: Secretary

UNICOM ENTERPRISES INC.

By: David A. Scholz
Name: David A. Scholz
Title: Secretary

UNICOM RESOURCES INC.

By: David A. Scholz
Name: David A. Scholz
Title: Secretary

UNICOM TECHNOLOGY DEVELOPMENT INC.

By: David A. Scholz
Name: David A. Scholz
Title: Secretary

UNICOM THERMAL TECHNOLOGIES INC.

By: David A. Scholz
Name: David A. Scholz
Title: Secretary

EXHIBIT A**Unicom Entities
(in addition to Unicom)**

Unicom Resources Inc.

Unicom Technology Development Inc.

Unicom Enterprises Inc.

Unicom Thermal Technologies Inc.

Staff and ComEd Joint Ex. 1

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY)
)
Petition pursuant to Sections 7-101,)
7-102 and 7-204A of the Illinois)
Public Utilities Act for an order) No. 95-0615
approving an agreement for the)
provision of facilities and services)
and the transfer of assets between)
Commonwealth Edison Company and Unicom)
Corporation and its subsidiaries)

STIPULATION

The Staff of the Illinois Commerce Commission ("Staff")
and Commonwealth Edison Company ("ComEd") hereby stipulate and
agree as follows:

1. Among the issues addressed in this proceeding is
the issue of whether a new ComEd affiliate may become a party to
the Affiliated Interest Agreement ("AIA") without ComEd first
obtaining separate approval of the Illinois Commerce Commission.

2. With respect to this issue, Staff and ComEd hereby
agree as follows:

(a) As currently provided in the AIA and ComEd's Petition
in this proceeding, ComEd will offer information to
Staff about the proposed new affiliate and the
projected type and frequency of transactions with that

affiliate 30 days before that new affiliate will become a party to the AIA. The provision of this information will commence a "30-day review period" during which Staff may investigate whether the provision of facilities and services to the new affiliate under the terms of the AIA "is not in the public interest" within the meaning of Section 7-101 of the Public Utilities Act.

- (b) If, at any time prior to the expiration of the 30-day review period, Staff notifies ComEd that it believes that the provision of facilities and services to the new affiliate under the terms of the AIA is not in the public interest within the meaning of Section 7-101 of the Public Utilities Act, ComEd must file a petition at the Commission seeking resolution of the issues raised by Staff within 30 days of Staff's notice. Regardless of whether Staff so notifies ComEd, however, at the expiration of the 30-day review period, the affiliate may become a party to the AIA and engage in transactions with ComEd under the terms of the AIA unless and until ordered otherwise by the Commission after a hearing on ComEd's petition pursuant to this section.

(c) If Staff does not notify ComEd before the expiration of the 30-day review period that Staff believes that the provision of facilities and services to the new affiliate under the terms of the AIA is not in the public interest within the meaning of Section 7-101 of the Public Utilities Act, ComEd will file at the Commission as a Supplemental Report in this docket information about the new affiliate and the projected type and frequency of transactions, substantially in the form attached to ComEd's petition in this proceeding as Attachment B. At that time, the affiliate may become a party to the AIA and engage in transactions with ComEd under the AIA.

(d) At the end of the first 12-month period after a new affiliate has been added to the AIA, ComEd will file with the Commission in this docket a second Supplemental Report showing the actual type and frequency of transactions with that affiliate over the previous 12 months, including a listing of any asset transfers and ComEd's monthly billings to the affiliate.

3. Staff and ComEd agree that these procedural provisions are adequate to enforce the requirement that transactions between ComEd and its affiliates do not adversely

affect the public interest within the meaning of the Public
Utilities Act.

STAFF OF THE ILLINOIS COMMERCE
COMMISSION

By: Cyrtus L. Bickel

COMMONWEALTH EDISON COMPANY

By: [Signature]